

1) Track Your Progress

There are several budgeting methods you can use to manage your money. Here are three most common methods

Envelope Method

Here's how it works:

- List all your expenses and categorize them (rent, groceries, car, phone bill etc.).
- Put cash in envelopes for each category. Spend only what's in each envelope.
- Use this method if you want a simple, hands-on way to manage spending without relying on technology.
- Works even if your budget is tight, as it helps you see exactly where your money is going.

This might be a good method for you if:

- You sometimes struggle to track and manage your spending.
- You prefer not to share your financial data or aren't comfortable with technology and want a simpler way to manage your finances.

Zero-based budget

How it works:

- Make a list of your monthly income and expenses
- Subtract expenses from income
- If you have a negative balance, you might want to figure out if you can decrease any of your expenses – start with non-essential items and things that are not as important to you
- If you have a positive balance, you can increase your expenses for debt reduction and savings goals

Try using the [Budget Planner Tool](#) to organize your income, expenses, and savings goals. It automatically does the math and gives you a clear picture of your finances.

This might be good for you if:

- You have a set income each month and tend to have a bit of money left over
- You are an experienced budgeter who has already been managing your finances for a while

Value-based budget

How it works:

- Identify what is most important to you and your financial goals.
- Assign spending limits to each item based on your priorities.
- Look for less expensive options, if possible, but don't compromise essential needs.

This might be good for you if:

- You are clear on what you want to accomplish with your money
- You want to spend your money in ways that are meaningful and important to you
- You are trying to get out of debt and stop overspending – analyzing each expense will force you to reflect on your purchases and to think of opportunities to save.

2) Is Your Budget Sustainable?

Now that you've started saving, ask yourself:

- Is your current saving method realistic and sustainable for your income?
- Does your budget reflect your values and long-term goals?
- Adjust your plan if it doesn't match your financial reality or priorities.

3) Make Your Budget Simple and Easy to Follow

Choose the budgeting method that suits you best from either the three we mentioned, or any of the online tools. The best budget is the one that's easy for you to manage. Be honest with yourself: Does your budget make sense to you? If not, it's okay to adjust it.

- Choose the budgeting method that suits you best.
- Be honest with yourself about whether it works for your lifestyle.
- Adjust categories or amounts as needed to keep it practical and easy to follow.

4) Keep a Record

Keep a record of the different income that you may be receiving.

Income sources might include:

- Employment income (e.g., salary, tips, commissions)
- Social assistance
- Retirement pensions & benefits
- Tax refunds or benefits (e.g., Child Tax Benefit, GST Credit)
- Student loans, withdrawals from savings/investments, child support or alimony, family/friends' contributions.

If you receive payments on an irregular schedule (e.g., quarterly GST credit), divide it into a monthly amount and include it in your budget.

5) Organize Your Work

- Even after you've created a budget, it's a good idea to track your spending regularly to identify other savings opportunities. Ask yourself if cheaper alternatives for each expense still meet your requirements.
- Save all receipts, bills, bank and credit card statements, loan records, and other payment documentation.

- Sort your spending into categories on an expense tracker and log your weekly spending.
- At the end of the month, total each category, and calculate your total spending.
- Tracking over several months can identify opportunities to save and help you adjust your budget.

Choose a tracking method that works for you:

- If you're comfortable with using a computer, try using a spreadsheet program like Excel or Google Sheets to record your income and expenses.
 - [Here](#) is a step-by-step on creating a budget on Excel.
- If you prefer something simpler, you can use the above methods with paper and pen or print a budget tracking worksheet.
- You can also try the free tool mentioned above, [FCAC Budget Planner](#) which does the calculations for you.

6) Use a Trusted Financial Website

Reliable financial websites or your bank can provide helpful tools and advice on managing your money.

- Your bank can answer any questions about managing your finances and help you navigate your options but please remember financial institutions are here to make money so compare options before committing to products or services.

If you don't have a bank or prefer alternatives, community organizations and non-profits often provide free financial advice.

7) Include Existing Debt in Your Budget

Creating a budget helps you determine how much is available to save. Which will allow you to figure out if you can start paying off any debt you might have.

It is important to include any debt as well as interest payments for that debt in your budget to track whether your debt is growing or decreasing.

8) Plan Which Expenses Will Be Paid with Your Next Paycheck

When you get paid, plan ahead of time where the money will go.

- Start by covering your essential expenses.
- If there's money left over, put it aside for savings or debt repayment.

9) Prepare for Change

Your financial situation and goals may change over time, and that's normal

Check in with yourself and review your budget every few months to see how things are going. Ask yourself:

- Is my budget still realistic?
- Are there big expenses coming up? (ex. Birthdays, Holidays)
- Do I need to try a new method?

Being flexible and adjusting your budget helps you stay on track even when life changes.

10) Be Patient with Yourself

Budgeting isn't about restricting yourself; it's about gaining control and peace of mind. Regardless of your income, the goal is to make money work for you.

You're not alone in struggling to set and follow a budget. Almost half of Canadians (49%) say they keep a budget. Having a budget makes a difference, even if you don't have everything perfect yet. Learning to plan your spending bit by bit can help.

https://www.canada.ca/en/financial-consumer-agency/programs/research/canadian-financial-capability-survey-2019.html?utm_source